

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
HONOLULU, HAWAII

FEB. 17, 1978

MEMORANDUM - 1978-6

TO: Heads of Departments and Agencies
Attention: Payroll and Personnel Offices

FROM: Hideo Murakami, Comptroller

SUBJECT: Retirement Contribution Deducted from
Workers' Compensation (Payroll) Payments

In the Comptroller's Memorandum 1976-9, departments and agencies were advised that the payroll system would no longer be deducting retirement system contributions from employees' workers' compensation payments. The Memorandum was issued to assure compliance with orders received from the Director, Department of Labor and Industrial Relations, who, citing Section 386-57 of the Hawaii Revised Statutes, stated that an employee could not elect to have his retirement system contribution deducted from his workers' compensation benefit payment. The Memorandum further advised that employees receiving workers' compensation payments should make retirement contribution payments directly to the Employees' Retirement System, in order not to lose retirement service credits.

The above advice became obsolete when, by Legislative action (Act 123, SLH 1977), Section 79-16, HRS (Credits for Employees Receiving Workers' Compensation Benefits) was amended. In effect, the amendment reversed the orders issued by the Director, and gave the employee the right voluntarily to "elect to have deducted from his workers' compensation benefits checks an amount calculated in the same manner as if he were not absent but performing duties of his regular employment to be used as his contributions to the retirement system".

Effective immediately, therefore, the following instructions, which will be included in Volume III of the State of Hawaii Accounting Manual at a later date, are provided to effect the provisions of Section 79-16, as amended:

- Complete Salary Assignment/Cancellation, SAForm D-60, in accordance with instructions in Section 741, Volume III, State of Hawaii Accounting Manual.

- The TYPE CODE to be used is "WR".

- The AGENT CODE to be used is "001".

- In the block provided for PERCENT EACH MONTH, insert the appropriate percentage; current rates are 7.80% for employees generally, and 12.20% for certain individuals employed in correctional institutions.

FISCAL OFFICE LOG # 539

February 17, 1978

- In the space provided for AGENT'S name, enter:

Employees Retirement System
W/C - Retirement Deductions

In connection with Act 123, the Employees' Retirement System has advised that payments made via the Register of Workers' Compensation Disability Payments that are chargeable to appropriations identified as being subject to employer's share contribution assessments (Imposed appropriations), are to be assessed for contributions to the post retirement fund (996), the pension accumulation fund (998), and the administration expense fund (999). The computer programming for these assessments was effected in the pay period ended 1/15/78.

If there are any questions regarding the foregoing, your staff may call Central Payroll at extension 3167.



HIDEO MURAKAMI
Comptroller